

Message Text

LIMITED OFFICIAL USE

PAGE 01 CARACA 06832 032152Z

16

ACTION ARA-10

INFO OCT-01 ISO-00 OPIC-03 XMB-02 PA-01 PRS-01 IGA-01

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

EB-07 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-03 USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04

TRSE-00 FRB-03 FEA-01 /100 W
----- 049768

R 032050Z JUL 75

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 9340

INFO AMEMBASSY PORT OF SPAIN

AMCONSUL CURACAO

LIMITED OFFICIAL USE CARACAS 6832

E.O. 11652: N/A

TAGS: ENRG PINT VE

SUBJECT: POLITICAL PARTIES FAIL TO AGREE ON ARTICLE 5 OF THE OIL
NATIONALIZATION BILL

REF CARACAS 6621

BEGIN UNCLASSIFIED

BEGIN SUMMARY. EFFORTS BY THE MAJOR POLITICAL PARTIES TO REACH
AGREEMENT ON ARTICLE 5 OF THE OIL NATIONALIZATION BILL FAILED THIS
WEEK DESPITE INTENSE NEGOTIATIONS. FOLLOWING AD'S REJECTION
OF COPEL'S ALTERNATE ARTICLE 5 PROPOSED LAST WEEK, THE CHAMBER OF
DEPUTIES WILL RESUME DEBATE JULY 3, AND THE CONGRESS HAS DECIDED TO
EXTEND ITS PRESENT SESSION BY 30 DAYS. AN INTERVIEW WITH AD
PRESIDENT BARRIOS APPEARING THIS WEEK HAS INCREASED
SPECULATION THAT PRESIDENT PEREZ FACES SERIOUS OPPOSITION
FROM WITHIN HIS OWN PARTY OVER ARTICLE 5. END SUMMARY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CARACA 06832 032152Z

1. THE PROGRESS OF THE PETROLEUM NATIONALIZATION BILL THROUGH THE

CHAMBER OF DEPUTIES SLOWED THIS WEEK WHILE THE MAJOR POLITICAL PARTIES MADE INTENSE EFFORTS TO REACH AGREEMENT ON THE CONTROVERSIAL ARTICLE 5, THE ADMINISTRATION VERSION OF WHICH WOULD ALLOW FOREIGN PRIVATE ENTERPRISE A ROLE IN THE NATIONALIZED OIL INDUSTRY, THE COPEL ALTERNATIVE OF WHICH WOULD SHARPLY CURTAIL SUCH A ROLE. ON JUNE 30 THE CHAMBER VOTED TO CONTINUE DISCUSSIONS AS A COMMITTEE OF THE WHOLE HOUSE TO PERMIT THE DEPUTIES GREATER FLEXIBILITY IN CONSULTING CONCERNING ARTICLE 5. AND ON THAT DAY, FOLLOWING A THREE-MONTH ABSENCE FOR MEDICAL TREATMENT, THE CHAIRMAN OF THE DEPUTIES' MINES AND HYDROCARBONS COMMITTEE AND RANKING AD PETROLEUM EXPERT ARTURO HERNANDEZ GRISANTI RETURNED TO CONGRESS.

2. ON JUL 2 AD INFORMED COPEI THAT AD COULD NOT ACCEPT COPEI'S ALTERNATE ARTICLE 5 AND THAT AD CONTINUED TO INSIST ON FLEXIBILITY IN THE FUTURE DEVELOPMENT OF THE OIL INDUSTRY, IN PARTICULAR THE DEVELOPMENT OF THE ORINOCO TAR BELT. COPEI AND URD REJECTED AD'S PROPOSALS FOR MIXED PARTICIPATION IN THE OWNERSHIP OF THE OIL REFINERIES ON ARUBA AND CURACAO AND THOSE AT CARDON AND AMUAY IN VENEZUELA. AD PROPOSED THAT THE GOV HAVE TWENTY PERCENT PARTICIPATION IN THE ANTILLEAN REFINERIES AND FOREIGN CAPITAL TWENTY PERCENT PARTICIPATION IN THE VENEZUELAN REFINERIES. AT THE CONCLUSION OF THE JUL 2 MEETING THE PARTY LEADERS INDICATED THAT NO POSSIBILITY OF AGREEMENT ON THE FUTURE ROLE OF FOREIGN ENTERPRISE IN THE INDUSTRY EXISTED BETWEEN AD AND THE OPPOSITION.

3. INTENSE CONSULTATIONS IN THE CONGRESS ALSO FAILED TO BREAK THE DEADLOCK OVER ARTICLE 5. AFTER A MEETING WITH THE PRESIDENT OF THE CHAMBER OF DEPUTIES JUL 2 AD AND COPEI DEPUTIES SAID NO AGREEMENT HAD BEEN REACHED ON ARTICLE 5, AND MEP DEPUTY SIUBERTO MARTINEZ BLUNTLY STATED A CONSENSUS WAS "IMPOSSIBLE". A SIMILAR VIEW WAS STATED BY AD PRESIDENT AND CONGRESS PRESIDENT GONZALO BARRIOS ON JUL 1. ON JUL 3 CONGRESS WILL FORMALLY EXTEND THE PRESENT SESSION (DUE TO END ON JUL 5) BY THIRTY DAYS SO AS TO CONTINUE CONSIDERATION OF THE NATIONALIZATION BILL AND DEAL WITH OTHER

PRESSING LEGISLATION. THE CHAMBER OF DEPUTIES RESUMES DEBATE ON ARTICLE 5 ON JUL 3. HOWEVER, AS A NUMBER OF DEPUTIES HAVE EXPRESSED A DESIRE TO SPEAK, NO VOTE ON ARTICLE 5 IS ANTICIPATED BEFORE NEXT WEEK, THUS LEAVING THE ISSUE IN DOUBT OVER THE VENEZUELAN INDEPENDENCE DAY (JUL 5) WEEKEND.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 CARACA 06832 032152Z

4. ON JULY 2 MINES MINISTER HERNANDEZ GAVE THE PRESIDENT PROPOSED STATUTES FOR THE STATE HOLDING COMPANY WHICH WILL MANAGE THE NATIONALIZED PETROLEUM INDUSTRY. THE STATUTES WILL NOT BE MADE PUBLIC UNTIL AFTER THE PRESIDENT APPROVES THEM.

5. ON JUL 3 PRESIDENT PEREZ IS SCHEDULED TO DISCUSS THE OIL

NATIONALIZATION QUESTION WITH THE VENEZUELAN MILITARY. DEFENSE MINISTER LEAL INDICATED ON JUL 1 THAT THE VENEZUELAN ARMED FORCES ARE IN FULL AGREEMENT WITH NATIONALIZATION.

6. WHILE LEAL'S WORDS DOUBTLESS COMFORTED PRESIDENT PEREZ, HE COULD NOT HAVE FOUND MUCH ENCOURAGEMENT IN AN INTERVIEW BY GONZALO BARRIOS IN THE CURRENT ISSUE OF THE WEEKLY RESUMEN. ASKED WHAT HE WOULD DO AS AD PARTY PRESIDENT IN THE EVENT OF CONFLICT BETWEEN PEREZ AND THE AD PARTY, BARRIOS, AFTER CONSIDERABLE HESITATION, SAID HE DID NOT BELIEVE PEREZ WOULD UNDERTAKE ANY INITIATIVE THAT WAS NOT "JUSTIFIED". "BUT", HE SAID, "IF BY SOME VERY CURIOUS, STRANGE PHENOMENON HE SHOULD, IT COULD HAPPEN THAT ACCION DEMOCRATICA, ON ITS OWN OR TOGETHER WITH THE OTHER PARLIAMENTARY GROUPS, WOULD NOT GIVE ITS APPROVAL." BARRIOS ADDED, "THAT COULD OCCUR." END UNCLASSIFIED. BEGIN LIMITED OFFICIAL USE.

7. COMMENT. ALTHOUGH AD HAS THE NECESSARY VOTES IN BOTH HOUSES TO STEAMROLLER THROUGH THE ADMINISTRATION VERSION OF ARTICLE 5, THE AD PARTY FEARS SERIOUS FUTURE POLITICAL REPERCUSSIONS UNLESS SOME KIND OF AGREEMENT IS REACHED WITH COPEI AND THE OTHER OPPOSITION GROUPS. COPEI, FOR ITS PART, IS CONFIDENT THAT AD WILL ACCEPT AT LEAST A PORTION OF THE COPEI VERSION OF ARTICLE 5. THE INTERVIEW WITH BARRIOS, WHO WEIGHS HIS PUBLIC UTTERANCES CAREFULLY, TENDS TO CONFIRM REPORTS THAT AD IS BADLY DIVIDED ON THE ARTICLE 5 ISSUE, THAT CONSIDERABLE SUPPORT FOR ALL OR PART OF THE COPEI ALTERNATIVE EXISTS WITHIN AD, AND THAT THE PARTY IS PUTTING GREAT PRESSURE ON THE PRESIDENT TO MODIFY THE ADMINISTRATION'S VERSION OF ARTICLE 5 TO BRING IT CLOSER TO THE COPEI VERSION. MEANTIME POLITICAL LEADERS ARE NOW PREDICTING THAT THE NATIONALIZATION BILL WILL NOT BE APPROVED BY CONGRESS UNTIL THE END OF JULY AT THE EARLIEST. SHLAUDEMANN
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 CARACA 06832 032152Z

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, NATIONALIZATION, POLICIES, PARTY MEETINGS, POLITICAL PARTIES, LEGISLATIVE BILLS
Control Number: n/a
Copy: SINGLE
Draft Date: 03 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: johnsorg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975CARACA06832
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750232-0322
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750784/aaaacwod.tel
Line Count: 154
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 CARACAS 6621
Review Action: RELEASED, APPROVED
Review Authority: johnsorg
Review Comment: n/a
Review Content Flags:
Review Date: 10 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 JUN 2003 by KelleyW0>; APPROVED <22 DEC 2003 by johnsorg>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: POLITICAL PARTIES FAIL TO AGREE ON ARTICLE 5 OF THE OIL NATIONALIZATION BILL
TAGS: ENRG, PINT, VE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006